

Message Text

CONFIDENTIAL

PAGE 01 ALGIER 02239 220513Z

15
ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00

FRB-03 XMB-02 OES-06 FEA-01 CIAE-00 INR-07 NSAE-00

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R 210946Z SEP 76
FM AMEMBASSY ALGIERS
TO SECSTATE WASHDC 5165

C O N F I D E N T I A L ALGIERS 2239

E.O. 11652: GDS
TAGS: EFIN, AG, US
SUBJECT: TEMAM REQUEST FOR MEETING WITH SECRETARY SIMON

REF: (A) ALGIRS 1876 (B) STATE 227493

1. AMBASSADOR ACCOMPANIED BY ECON OFFICER SMITH AND
COMM OFFICER MCARTHUR, MET SEPT 20 WITH FINANCE
MINISTRY SECRETARY GENERAL MAHMOUD AOUI. AMONG
SUBJECTS DISCUSSED WAS FINANCE MINISTER ABDELMALIK
TEMAN'S REQUEST FOR MEETING WITH SECRETARY SIMON.

2. AOUI SAID PRIMARY MOTIVE FOR REQUEST WAS TO
ENABLE TEMAN, A NEWLY APPOINTED MINISTER, TO MEET
AND EXCHANGE VIEWS WITH HIS AMERICAN COUNTERPART.
HE REFERRED TO FACT THAT ECONOMIC AND FINANCIAL
RELATIONS BETWEEN US AND ALGERIA GROWING RAPIDLY,
WITH US NOW ALGERIA'S NUMBER TWO TRADING PARTNER
(BEHIND FRANCE), NUMBER ONE PETROLEUM CUSTOMER AND
MAJOR SOURCE OF EXTERNAL FINANCING. SAID THAT WHILE
TRADE FIGURES ARE IMPRESSIVE (CURRENTLY SHOWING
APPROX 4:1 IMBALANCE IN ALGERIA'S FAVOR) TOTAL
CAPITAL ACCOUNT EVEN MORE SO, REFLECTING LARGE
INFLOWS OF FINANCING CAPITAL AND SIGNIFICANT
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ALGIER 02239 220513Z

OUTFLOWS OF TRANSFER PAYMENTS, LARGELY IN PAYMENT

OF CONSULTING AND MANGEMENT CONTRACTS WITH US FIRMS. WITH ALL THIS IT ONLY NATURAL THAT TWO FINANCE MINISTERS SHOULD MEET AND DISCUSS MATTERS OF MUTUAL INTEREST.

3. ASIDE FROM THIS, AOUI SAID HE SURE ONE SUBJECT MINISER WOULD WISH DISCUSS IS TREASURY STUDY, OR PAPER, DATED AUGUST 8, ON SUBJECT US GLOBAL BALANCE OF PAYMENTS FOR FIRST SEMESTER 1976. ONE PART OF PAPER CONCLUDED THAT ONE REASON BALANCE OF PAYMENTS UNFAVORABLE WAS THAT US NOT GETTING AS MUCH AS EXPECTED IN RETURN PAYMENTS FOR GOODS AND SERVICES FROM OPEC COUNTRIES, NOTING THAT SEVERAL OF THEM, INCLUDING ALGERIA, IN FINANCIAL TROUBLE. AOUI SAID HE SURE MINISTER WILL WANT CORRECT THIS MISCONCEPTION AND ASSURE SECRETARY SIMON THAT ALGERIAN FINANCES ARE SOUND. (COMMENT: ALGERIANS HAVE SHOWN CONSIDERABLE SENSITIVITY RECENTLY TO INDICATIONS THAT USG, INCLUDING TREASURY AND EXIM, AND US PRIVATE FINANCIAL INSTITUTIONS BECOMING MORE CAUTIOUS TOWARD ALGERIA. THESE QUALMS ARE WORSENERED BY OCCASIONAL FALSE RUMORS, SUCH AS ONE RECENTLY THAT EXIM HAD COMPLETELY CUT OFF FURTHER FINANCING FOR ALGERIA. ALGERIANS POINT, WITH SOME JUSTIFICATION, TO FACT THAT IN PAST SIX MONTHS THEY HAVE MADE REAL EFFORT WITH REAL RESULTS TO SOLIDIFY THEIR FINANCIAL POSITION. EMBASSY SURE TEMAN WILL WISH ASSURE SEC SIMON THAT ALGERIA FINANCIALLY SOUND AND CREDIT WORTHY.)

4. AOUI SAID SOME OTHER SUBJECTS TEMAN MIGHT WISH DISCUSS, WHILE THEY NOT DIRECTLY WITHIN PROVINCE OF FINANCE MINISTER, ARE US OIL AND GAS POLICY (ESPECIALLY 10 PERCENT LIMIT ON GAS IMPORTS) AND PERFORMANCE OF US PRIVATE COMPANIES WITH CONTRACTS IN ALGERIA. (COMMENT: US CORPORATE IMAGE HERE NOT AS BRIGHT AS IT MIGHT BE BECAUSE SEVERAL AMERICAN COMPANIES HAVE NOT PERFORMED AS ADVERTISED AND THERE IS SOME DISILLUSIONMENT SETTLING IN. WHILE MUCH OF THE PROBLEM HAS BEEN THE DELAYS CAUSED BY ALGERIAN

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ALGIER 02239 220513Z

CUSTOMS AND LABOR PERMIT REQUIREMENTS, AND TO LACK OF COORDINATION BETWEEN ALGERIAN COMPANIES AND AGENCIES, SOME OF OUR COMPANIES HAVE NOT BEEN UP TO STANDARD WE WOULD LIKE TO THINK IS AMERICA. RECOMMEND THAT SECRETARY SIMON BE BRIEFED ON CHEMICO AFFAIR BUT DO NOT THINK HE SHOULD GET INTO DETAILS THIS WITH TEMAM. HE SHOULD ALSO BE BRIEFED ON EXCHANGES REGARDING ILLICIT PAYMENTS, BUT DO NOT

RECOMMEND HE RAISE ISSUE.)

5. RECOMMEND THAT SECRETARY SIMON BE BRIEFED ON CONCH NATIONALIZATION ISSUE AND THAT HE RAISE IT WITH TEMAM. ISSUE SEEMS TO BE DORMANT FOR MOMENT, AND WE GATHER SOME SUBTERRANEAN NEGOTIATIONS MAY BE GOING ON, BUT IT WOULD BE USEFUL FOR TEMAM TO KNOW WE ARE CONCERNED AT HIGH LEVELS ABOUT OUTCOME THIS CASE.

6. PERSONALITY NOTE: TEMAM GENERALLY CONSIDERED SOMETHING OF A LIGHTWEIGHT, BUT IS WELL DISPOSED AND POSITIVELY MOTIVATED PERSON WHO IS TRYING ASSERT SOME FINANCIAL CONTROL OVER WELTER OF ECONOMIC DEVELOPMENT PROJECTS IN ALGERIA. HE IS EAGER TO LEARN AND IS EVINCING INTEREST IN CLOSER COOPERATION WITH US. WE ENJOY CORDIAL PERSONAL RELATIONS WITH HIM. GIVEN VOLUME OF BUSINESS WE DOING HERE, POTENTIAL FUTURE IMPORTANCE OF ALGERIAN ENERGY SUPPLIES TO UNITED STATES, AND ALGERIAN ROLE IN NEW INTERNATIONAL ECONOMIC ORDER BATTLE, BELIEVE SPENDING SOME TIME WITH HIM WOULD BE VERY USEFUL GESTURE ON SECRETARY SIMON'S PART. HE IS WORTH KEEPING WELL-DISPOSED TOWARDS US.

7. ALGERIANS HAVE FORMALLY REQUESTED WE GIVE THEM DATA AND TIME FOR TEMAM-SIMON MEETING. WOULD APPRECIATE RECEIVING SAME ASAP. PARKER

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